

Minneapolis Community Development Agency

Request for City Council Action

Date: December 16, 2003

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee

Refer to: MCDA Board of Commissioners

Prepared by John Harrington, Sr. Project Coordinator, Phone 612-673-5018

Approved by Lee Sheehy, MCDA Executive Director
Chuck Lutz, MCDA Deputy Executive Director _____

Subject: Authorization to apply to the Hennepin County Environmental Response Fund for Zinsmaster Apartments

Previous Directives: On October 24, 2003 The MCDA Board authorized 9 applications, totaling \$542,000, to be filed with Hennepin County for autumn 2003 Environmental Response Fund funding consideration. On May 6, 2003, the City Council authorized up to \$363,591 in Multi-Family Program funding for Zinsmaster Apartments at 2900 and 2916 Park Avenue South.

Ward: 8

Neighborhood Group Notification: Neighborhood group review is required.

Consistency with *Building a City That Works*: Zinsmaster Apartments is consistent with Goal 2: Ensure that an array of housing choices exist to meet the needs of our current residents and attract new residents to the city, Strategy 2: Increase the development of affordable housing in neighborhoods with stronger markets, and Goal 3: Support strong and diverse neighborhoods where people choose to live.

Comprehensive Plan Compliance: Complies

Zoning Code Compliance: Will comply

Impact on MCDA Budget: (Check those that apply)

- ☒ No financial impact
- ☐ Action requires an appropriation increase to the MCDA Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

Living Wage / Business Subsidy: Environmental assistance is exempt from Living Wage/Business Subsidy.

Job Linkage: Not applicable

Affirmative Action Compliance: Will comply

RECOMMENDATION:

City Council Recommendation: The Executive Director recommends that the City Council

1. Authorize application to the Hennepin County Environmental Response Fund for Zinsmaster Apartments; and
2. Forward this report to the MCDA Board of Commissioners.

MCDA Board Recommendation: The Executive Director recommends that the MCDA Board approve the attached resolution authorizing the Executive Director or other appropriate staff to execute agreements to implement the Hennepin County Environmental Response Fund.

Background/Supporting Information

Hennepin County has been collecting mortgage registry and deed tax for deposit into an Environmental Response Fund (ERF). The ERF is used for the assessment and clean up of contaminated sites located within Hennepin County, with emphasis on affordable housing projects. Applications were due November 1, 2003.

As the City was completing its autumn 2003 priority ranking of projects for Hennepin County Environmental Response Fund Requests, the developer of Zinsmaster Apartments, which are located at 2900 and 2916 Park Avenue South, learned of an unanticipated funding need for lead paint abatement and submitted an application to Hennepin County for approximately \$48,000 in ERF funds, of which approximately \$18,000 has been determined to be ineligible for funding. Because of the timing, Zinsmaster's application was not included in the CPED staff's brownfield's priority recommendations acted upon by the MCDA Board on October 24, 2003. Hennepin County staff has indicated that they would like to recommend the project for funding, but are hesitant to do so without City sponsorship. They have also informed the City that two applications (Hiawatha Business Center and Shoreham Yards) which would have totaled \$150,000 in potential ERF requests have not been submitted.

According to the May 6, 2003 staff report recommending Multi-Family funding for this project:

Community Housing Development Corp (CHDC) agreed to enter into a partnership as managing general partner at Zinsmaster in 1994. The property at that time was distressed and in financial trouble. As a result of CHDC and its property

management arm, BDC Management's determined efforts to manage the property, illicit activities at the site have been virtually eliminated. The property has turned the corner and is now stable.

Zinsmaster Apartments is an important source of affordable family housing in the Philips (sic) West neighborhood. Qualifying household incomes at the project are set at or below 50% AMI, however, a significant number of tenant households are currently earning less than 30% AMI.

The residents are predominantly working African-American or Somali families. The project is currently home to 50 children under the age of 17.

Funds are currently needed to replace old and failing windows, repair roofs that are deteriorating and beginning to leak, and improvements to ventilation systems.

In order to qualify the project for funding eligibility, a funding request for \$30,000 from Hennepin County ERF should be added at the bottom of the previously authorized list of projects.

Hennepin County Environmental Response Fund Grant Requests

Project	Grant Request
Hiawatha Business Center	\$100,000*
Hiawatha Commons	\$ 40,000
Greenleaf Lofts on Nicollet	\$ 75,000
Shoreham Yards	\$ 50,000*
Ripley Gardens (Queen Campus)	\$ 52,000
Wall #2 (SEMI)	\$ 25,000
LSS Housing Opportunities	\$ 30,000
Franklin Lofts	\$115,000
Village in Phillips	\$ 55,000
Zinsmaster Apartments	\$ 30,000
Total Hennepin County ERF authorized (revised)	\$572,000

*application not filed

RESOLUTION

of the

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

By _____

Authorizing application to the Hennepin County Environmental Response Fund.

Whereas, the Minneapolis Community Development Agency (MCDA) intends to act as the legal sponsor for one or more of the following projects that are more completely described in the Environmental Response Fund applications submitted to Hennepin County on November 1, 2003: Franklin Lofts; Greenleaf Lofts on Nicollet; Hiawatha Business Center; Hiawatha Commons; Lutheran Social Services Housing Opportunities; Ripley Gardens (Queen Campus); Shoreham Yards; Village in Phillips; Wall # 2 and Zinsmaster Apartments; and,

Whereas, the MCDA has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration; and

Whereas, the MCDA has not violated any federal, state or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice; and

Whereas, upon approval of one or more of its applications, the MCDA may enter into agreements with Hennepin County for one or more of the above-referenced projects and will comply with all applicable laws and regulations stated in such agreements;

Now, Therefore, Be It Resolved By The Board of Commissioners of the Minneapolis Community Development Agency:

That the MCDA Board of Commissioners authorizes application to the Hennepin County Environmental Response Fund for funding for the above-referenced project and to execute such agreements as are necessary to implement the projects.

RECORD OF COMMISSIONER VOTE													
Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust	Commissioner	Aye	Nay	NV	Abs	Ovrd	Sust
Benson							Ostrow						
Colvin Roy							Samuels						
Johnson							Schiff						
Johnson Lee							Zerby						
Lane							Zimmermann						
Lilligren							Goodman,						
Niziolek							chair						
Vote: NV - Not Voting			Abs - Absent			Ovrd - Vote to Override			Sust - Vote to Sustain				

ADOPTED

Chairperson

APPROVED

NOT APPROVED

VETOED

Mayor